

ASSEMBLY BILL

No. 1499

Introduced by Assembly Member Skinner

January 9, 2014

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1499, as introduced, Skinner. Electricity: self-generation incentive program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the Public Utilities Commission to administer, until January 1, 2016, a self-generation incentive program for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. The Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, may authorize electrical corporations to annually collect not more than the amount authorized for the program in the 2008 calendar year through December 31, 2014.

This bill would extend the authority of the PUC to authorize electrical corporations to continue making the annual collections through December 31, 2015. The bill would extend the Public Utilities Commission's administration of the program to January 1, 2017.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the program that is extended under the provisions of this bill are within the act and a decision or order of the commission implements

the program requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 379.6 of the Public Utilities Code is
2 amended to read:

3 379.6. (a) (1) It is the intent of the Legislature that the
4 self-generation incentive program increase deployment of
5 distributed generation and energy storage systems to facilitate the
6 integration of those resources into the electrical grid, improve
7 efficiency and reliability of the distribution and transmission
8 system, and reduce emissions of greenhouse gases, peak demand,
9 and ratepayer costs. It is the further intent of the Legislature that
10 the commission, in future proceedings, provide for an equitable
11 distribution of the costs and benefits of the program.

12 (2) The commission, in consultation with the Energy
13 Commission, may authorize the annual collection of not more than
14 the amount authorized for the self-generation incentive program
15 in the 2008 calendar year, through December 31, ~~2014~~. 2015. The
16 commission shall require the administration of the program for
17 distributed energy resources originally established pursuant to
18 Chapter 329 of the Statutes of 2000 until January 1, ~~2016~~. 2017.
19 On January 1, ~~2016~~, 2017, the commission shall provide repayment
20 of all unallocated funds collected pursuant to this section to reduce
21 ratepayer costs.

22 (3) The commission shall administer solar technologies
23 separately, pursuant to the California Solar Initiative adopted by
24 the commission in Decision 06-01-024.

25 (b) Eligibility for incentives under the program shall be limited
26 to distributed energy resources that the commission, in consultation
27 with the State Air Resources Board, determines will achieve
28 reductions of greenhouse gas emissions pursuant to the California

1 Global Warming Solutions Act of 2006 (Division 25.5
2 (commencing with Section 38500) of the Health and Safety Code).

3 (c) Eligibility for the funding of any combustion-operated
4 distributed generation projects using fossil fuel is subject to all of
5 the following conditions:

6 (1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07
7 pounds per megawatthour and a minimum efficiency of 60 percent,
8 or any other NO_x emissions rate and minimum efficiency standard
9 adopted by the State Air Resources Board. A minimum efficiency
10 of 60 percent shall be measured as useful energy output divided
11 by fuel input. The efficiency determination shall be based on 100
12 percent load.

13 (2) Combined heat and power units that meet the 60-percent
14 efficiency standard may take a credit to meet the applicable NO_x
15 emissions standard of 0.07 pounds per megawatthour. Credit shall
16 be at the rate of one megawatthour for each 3.4 million British
17 thermal units (Btus) of heat recovered.

18 (3) The customer receiving incentives shall adequately maintain
19 and service the combined heat and power units so that during
20 operation, the system continues to meet or exceed the efficiency
21 and emissions standards established pursuant to paragraphs (1)
22 and (2).

23 (4) Notwithstanding paragraph (1), a project that does not meet
24 the applicable NO_x emissions standard is eligible if it meets both
25 of the following requirements:

26 (A) The project operates solely on waste gas. The commission
27 shall require a customer that applies for an incentive pursuant to
28 this paragraph to provide an affidavit or other form of proof that
29 specifies that the project shall be operated solely on waste gas.
30 Incentives awarded pursuant to this paragraph shall be subject to
31 refund and shall be refunded by the recipient to the extent the
32 project does not operate on waste gas. As used in this paragraph,
33 “waste gas” means natural gas that is generated as a byproduct of
34 petroleum production operations and is not eligible for delivery
35 to the utility pipeline system.

36 (B) The air quality management district or air pollution control
37 district, in issuing a permit to operate the project, determines that
38 operation of the project will produce an onsite net air emissions
39 benefit, compared to permitted onsite emissions if the project does

1 not operate. The commission shall require the customer to secure
2 the permit prior to receiving incentives.

3 (d) In determining the eligibility for the self-generation incentive
4 program, minimum system efficiency shall be determined either
5 by calculating electrical and process heat efficiency as set forth in
6 Section 216.6, or by calculating overall electrical efficiency.

7 (e) In administering the self-generation incentive program, the
8 commission may adjust the amount of rebates and evaluate other
9 public policy interests, including, but not limited to, ratepayers,
10 energy efficiency, peak load reduction, load management, and
11 environmental interests.

12 (f) The commission shall ensure that distributed generation
13 resources are made available in the program for all ratepayers.

14 (g) (1) In administering the self-generation incentive program,
15 the commission shall provide an additional incentive of 20 percent
16 from existing program funds for the installation of eligible
17 distributed generation resources from a California supplier.

18 (2) “California supplier” as used in this subdivision means any
19 sole proprietorship, partnership, joint venture, corporation, or other
20 business entity that manufactures eligible distributed generation
21 resources in California and that meets either of the following
22 criteria:

23 (A) The owners or policymaking officers are domiciled in
24 California and the permanent principal office, or place of business
25 from which the supplier’s trade is directed or managed, is located
26 in California.

27 (B) A business or corporation, including those owned by, or
28 under common control of, a corporation, that meets all of the
29 following criteria continuously during the five years prior to
30 providing eligible distributed generation resources to a
31 self-generation incentive program recipient:

32 (i) Owns and operates a manufacturing facility located in
33 California that builds or manufactures eligible distributed
34 generation resources.

35 (ii) Is licensed by the state to conduct business within the state.

36 (iii) Employs California residents for work within the state.

37 (3) For purposes of qualifying as a California supplier, a
38 distribution or sales management office or facility does not qualify
39 as a manufacturing facility.

1 (h) The costs of the program adopted and implemented pursuant
2 to this section shall not be recovered from customers participating
3 in the California Alternate Rates for Energy (CARE) program.

4 SEC. 2. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 the only costs that may be incurred by a local agency or school
7 district will be incurred because this act creates a new crime or
8 infraction, eliminates a crime or infraction, or changes the penalty
9 for a crime or infraction, within the meaning of Section 17556 of
10 the Government Code, or changes the definition of a crime within
11 the meaning of Section 6 of Article XIII B of the California
12 Constitution.

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